Government of Saskatchewan

Annual Report 1986-87

Saskatchewan Co-operation and Co-operative Development

88-03446/

Annual Report 1986-87

Saskatchewan Co-operation and Co-operative Development

for the fiscal year ending
March 31, 1987

Hon. Joan Duncan
Minister

ISSN 0710-684X

Childcare Co-operative

Contents

Letters of Transmittal 1
Organizational Chart 2
Introduction 3
Support Services Branch 4
Registry 4
Co-operative Guarantee Board 5
Co-operative Securities Board 5
Family Farm Credit Act 5
Co-operative Relations Section 6
Communications 7
Development and Inspection Services Branch 7
New Incorporations 9

Letters of Transmittal

The Honourable Frederick W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to submit herewith the 43rd annual report of the Department of Co-operation and Co-operative Development for the fiscal year ended March 31, 1987.

Respectfully submitted,

Joan H Duncan

Joan Duncan
Minister
Saskatchewan Co-operation
and Co-operative Development

The Honourable Joan Duncan
Minister of Co-operation
and Co-operative Development
Regina, Saskatchewan

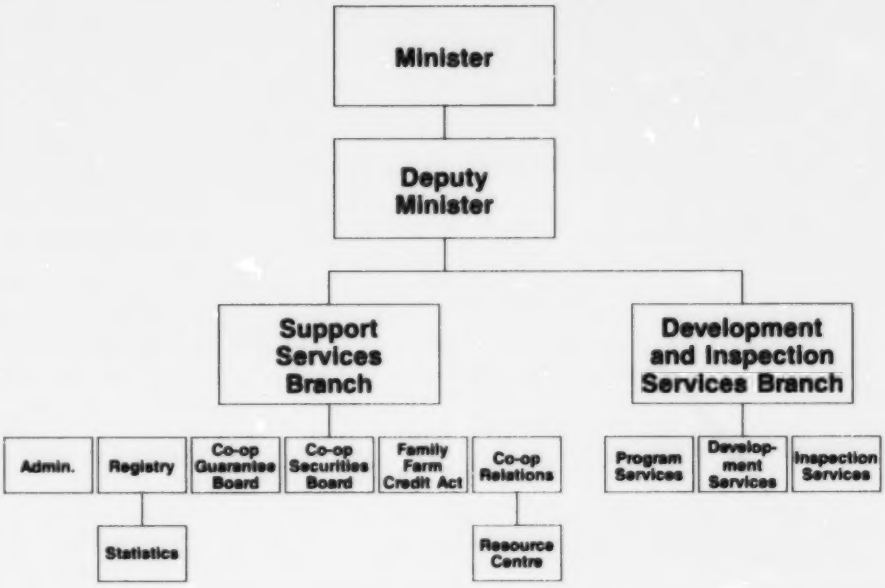
Madam:

I have the honour to submit for your consideration the annual report of the Department of Co-operation and Co-operative Development for the year ended March 31, 1987.

Respectfully submitted,

Bill Reader
Deputy Minister

Organizational Chart



Mission

To enhance the economic growth of the province by facilitating the incorporation and development of viable co-operative enterprises.

Introduction

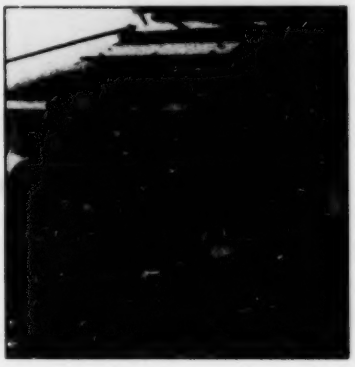
The past year has been a successful year for new co-operative development in Saskatchewan. New incorporations exceeded the levels of the past five years, totalling 77. These incorporations represent new opportunities in key sectors of the provincial economy.

In the agricultural sector, the department incorporated many new feeder and soil conservation co-operatives. In the service sector, co-operatives built housing projects and recreational facilities. Co-operative retails and credit unions increased their sales and earnings, while non-aligned co-operatives provided new services in both urban and rural areas.

The department continued to build positive interdepartmental relationships within government with the goal of providing a co-operative dimension to all government programs and legislation aimed at business. Co-operatives and credit unions will continue to play an important role in the economic and social development of our province.

Saskatchewan co-operative and credit union members are justifiably proud of Consumers' Co-operative Refineries' involvement in building a heavy oil upgrader in Regina. This joint venture between a co-operative and the provincial government, with loan guarantees provided by the federal government, will ensure that Saskatchewan has a viable oil industry for many years to come.

Farm Machinery Co-operative



Support Services Branch

Objectives

- provides general administrative support for the department;
- maintains the register of co-operatives and credit unions in Saskatchewan;
- maintains the register of out-of-province co-operatives and credit unions;
- reviews and recommends amendments to existing co-operative and credit union legislation;
- compiles statistics on all co-operatives and credit unions in Saskatchewan;
- provides financial assessments and follow-up for any grant, loan and guarantee application;
- acts as a secretariat for the Co-operative Guarantee Board;
- acts as a secretariat for the Co-operative Securities Board and the Family Farm Credit Act;
- provides information materials for the general public and co-operative organizations about the co-operative business structure and about various programs of the department and of government that are relevant to the co-operative sector;
- provides liaison between the provincial government and the directors, officials and members of Saskatchewan's co-operative sector.

Registry

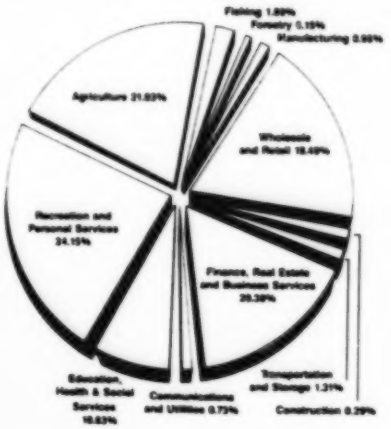
A majority of co-operatives registered in Saskatchewan have amended and registered their bylaws within the past two years in accordance with The Co-operatives Act. Approximately 200 co-operatives have not yet amended their Articles of Incorporation and bylaws. These co-operatives could further their potential with an updated corporate structure allowed through amendments and bylaws under the Act.

The new Credit Union Act came into effect on January 1, 1986 resulting in credit unions being required to prepare new board policies for their day-to-day operations. Late in the fall of 1986, credit unions were reminded that bylaws and amended Articles should be prepared in ample time for presentation to the members at the annual meetings to be held early in 1987. Prior to March 31, 1987 a small number of bylaws and Articles of Amendment had been filed for registration.

Statistics

Statistics are compiled on all Saskatchewan co-operatives and credit unions. In 1986/87, the report "Saskatchewan Co-operatives - An Economic Impact Analysis" was prepared by the section.

Types of Co-operatives as a percentage of the total registry



Classified by Industry the breakdown is as follows:

- Agriculture	289	21.03%
- Fishing	26	1.89%
- Forestry	2	0.15%
- Manufacturing	13	0.95%
- Construction	4	0.29%
- Transportation and Storage	18	1.31%
- Communication and Utilities	10	0.73%
- Wholesale and Retail	254	18.49%
- Finance, Real Estate and Business Services	280	20.38%
- Education, Health and Social Services	146	10.63%
- Recreation and Personal Services	332	24.15%
Total	**1,374**	**100.00%**

Co-operative Guarantee Board

The Co-operative Guarantee Board was constituted under the authority of the Co-operative Guarantee Act. This Act was intended to assist co-operatives which do not qualify for loans under the normal lending practices of money lenders, for reasons such as location, type of business, amount of equity or the economic status of members.

At March 31, 1987, members of the Board were:

Bill Reader, Chairman

Bob Linnel

Les Cowan

Morley Meiklejohn

Henry Zacharias

Monte Curle, Secretary

Operations

Approved lenders may request the government guarantee the repayment of certain loans made to co-operatives. The applications for guarantees are reviewed by the board which in turn makes its recommendations to the Minister.

During the 1986-87 fiscal year, two applications for guarantees were received and reviewed covering loans of up to $1,190,000. At March 31, 1987 a total of $665,482 advanced by a lender was covered by guarantees amounting to $648,842.

Co-operative Securities Board

The Co-operative Securities Board was established in 1956 and operates under the authority of Part XIX of The Co-operatives Act and Regulations and Part XVIII of The Credit Union Act. The purpose of the Board is to review issues of securities proposed by co-operatives and credit unions. At March 31, 1987 members of the Board were:

Leslie R. Tendler, Chairman

Bill Reader

Gunnar Pedersen

Delores Spreitzer

Vacancy

Monte Curle, Secretary

Operations

During the fiscal year 1986-87, the Board met three times to review and approve ten applications for the sale of securities. In addition to the foregoing, the Board approved one exemption order pursuant to subsection 227(2) of the Act. These issues had a total value of $504,360,000. The board also reviewed other items during its meetings, including the administration of redemption funds, administration of previously approved issues, revisions of prospectuses, amendments to existing issues as well as policies of the board.

Family Farm Credit Act

The purpose of this Act is to make long-term credit available to farmers to assist in the establishment and development of family farms as economic farm units, and to assist in the transfer of family farms from one generation to members of a later generation.

Advisory Committee

When enacted in 1959 the Act stipulated that an advisory committee be established. At March 31, 1987 the members of the committee were:

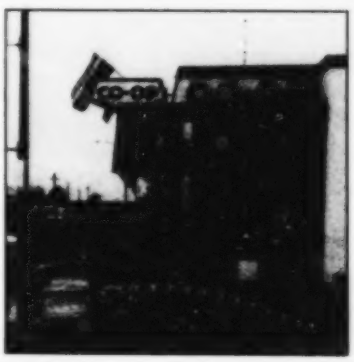
Bill Reader, Chairman

Morley Meiklejohn

Monte Curle, Secretary

Support Services Branch

Retail Co-operative



Support Services Branch

Loans

Loans under the Act were made by and are being administered by Co-operative Trust Company of Canada. Five hundred seventy-five loans have been made amounting to $7,139,181. No new loans have been granted since 1966. At March 31, 1987 there were 37 loans worth $198,675 still outstanding.

Securities

Acting in accordance with Section 6 of the Act, the government and Co-operative Trust Company reached agreement on May 10, 1960 under which the government guaranteed payment of principal and interest on securities issued by the Co-operative Trust Company to raise funds for the purposes of the Act. The amount of securities subsequently sold was $7,140,725. Of this amount $4,406,600 was purchased by The Minister of Finance. All securities issued by Co-operative Trust Company pursuant to the agreement have been redeemed.

Government Grants

Section 7 of the Act provides for reimbursement of losses suffered by Co-operative Trust Company in the course of making Family Farm loans. During the year under review, no grants were made under Section 7.

Co-operative Relations

The Co-operative Relations Section continued to provide liaison between the provincial government and the directors, officials and members of Saskatchewan's co-operative sector.

During the year, the section co-ordinated joint projects between the department and central co-operative organizations. These joint projects included Uplink '86 - '87, and the Co-operative Merit Awards Program.

Uplink '86 - '87 is a distance education project using satellite technology to deliver a television signal to remote locations around the province. The department was part of a Co-operative Television Network whose members included: Federated Co-operatives Limited, Saskatchewan Wheat Pool, Credit Union Central and the Co-operative College of Canada. With the assistance of the Department of Audio Visual Services at the University of Saskatchewan, the department prepared three one-hour television broadcasts. The programs were on the topics of Director Roles and Responsibilities, the Credit Union Director and the new Credit Union Act, and Employment Co-operatives. More than 300 people participated in these broadcasts from six remote locations.

The Co-operative Relations Section co-ordinated the Saskatchewan Co-operative Merit Awards on behalf of the department and the Saskatchewan Co-operative Activities Council. The Merit Awards Program recognizes the outstanding contributions made by individuals to co-operative enterprise both within local communities and at provincial and national levels. Ten awards were presented during the year. Recipients receiving the Co-operative Certificate of Merit were: Wilfred Ellert, Stanley Ferguson, Lloyd Gavelin, Alvin Latrace and Ralph Hjertaas. Receiving the Co-operative Order of Merit were: Lorne Dietrick, Orville Hjertaas, Ralph Miner, Jack Trevena and Victor Keep.

Fire Fighters Co-operative

Communications

The section provides communication services to support department operations and objectives. These services include: inquiry assistance, media relations, publications, audio-visual materials, advertising and public relations.

The section also provides information materials for the general public and co-operative organizations about the co-operative business structure and about various programs of the department and of government that are relevant to the co-operative sector.

During the year, the district newsletter program reached more than 3,000 people through distribution of nine issues of District News. These newsletters are written by fieldstaff for the co-operatives they serve, and are edited, produced and distributed by the section.

The department's series of workbooks and leader's manuals on co-operatives were expanded to include Co-operative Playschools, Youth Employment Co-operatives, and a Director's Handbook. The department now has training material for six specific programs.

The section produced new fact sheets on co-operative topics such as Soil Conservation Co-operatives and Recreation Co-operatives, increasing the number of topics available through fact sheets to six.

The section undertook various public relations activities including co-ordination of more than 45 special events, anniversaries and openings, presentations of plaques and awards and the preparation of speech materials for these events.

Department displays were upgraded during the year to reflect program changes and additions. The section mounted displays for seven fairs and conventions.

A new slide-tape program on Day Care Accounting was completed. The slide-tape program complements accounting material, specifically designed for day care co-operatives.

Internal communications continued to receive a high priority during the year through the further development of ***Newsbreak***.

This bi-weekly newsletter provided department staff with information about department, government and co-operative sector activities. The newsletter also provided a valuable link with the district offices and offered a vehicle for two-way communication as well.

Resource Centre

As part of the Co-operative Relations Branch the Resource Centre serves the co-operative and credit union-oriented information needs of the department, other government departments, numerous organizations and the public.

The past year has seen a significant increase in the information and research requests with various topics such as Employment, Daycare and Service Fee Co-operatives, venture capital, business corporations and co-operative learning being some of the areas covered.

The audio-visual collection was expanded with the purchase and production of video tapes covering Employment Co-operatives and Board of Directors' orientation and duties.

Development and Inspection Services Branch

The branch continued to provide program liaison services between co-operatives and government departments. The branch was involved in committees including the Saskatchewan Co-operative Activities Council, the Saskatchewan Committee on Rural Area Development, the Regional Council of the Co-operative College of Canada, and the University of Saskatchewan, Centre of Co-operative Studies Board.

The branch represented the department on the National Association of Co-operative and Credit Union Legislators (NACCL), a national body which meets regularly to discuss

Support Services Branch

1 Wild Rice Harvesting Co-operative

2 Recreation Co-operative Under Construction

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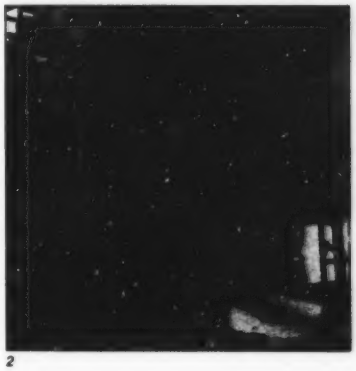

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Development and Inspection Services Branch

co-operative and credit union legislation, regulatory and development issues. Branch staff also provided briefings for representatives to the credit unions' Stabilization Board of Canada, and the National Committee on Financial Institutions of Canada.

Special attention continued to be paid to liaison meetings with central co-operatives, and other major business groups in Saskatchewan, including the Saskatchewan Chamber of Commerce, and the Federation of Independent Business.

Development Services

Co-operative business consultants are located throughout the province in 11 district offices: Regina, Saskatoon, Moose Jaw, Swift Current, Yorkton, Estevan, Tisdale, North Battleford, Prince Albert, La Ronge and Kindersley.

Co-operative business consultants provide managerial, legislative, financial and technical assistance to new and existing co-operatives. This professional assistance aids the long term viability of co-operative business enterprise.

During the reporting period, 77 new co-operatives were incorporated. These incorporations reflected the broad application that co-operatives have in fulfilling locally identified community needs.

This year, 16 new agricultural feeder co-operatives were incorporated. The feeder co-operatives obtained loan guarantees through Saskatchewan Agriculture's "Feeder Association Loan Guarantee Program." Membership in the new feeder co-operatives totalled approximately 300.

Nine new soil conservation co-operatives were incorporated in this fiscal year. Approximately 160 farmer members undertook initiatives to promote soil conservation in conjunction with the Prairie Farm Rehabilitation Act's "Soil Conservation Program".

As well, five new continuing housing co-operatives were incorporated under Section 23 of The Co-operatives Act. Continuing housing co-operatives provide secure housing tenure in member-owned, member-controlled developments. For example, Hector Trout Housing Co-operative Limited, built under Canada Mortgage and Housing Corporation's "Co-operative Housing Program", is being constructed in Saskatoon. This development will provide continuing housing accommodation to 50 families. The development is a $3,000,000 housing construction project.

The East Side Senior Citizen Housing Co-operative in Saskatoon is a $1,200,000 self-financed continuing housing project. This housing development will provide long term secure tenure to approximately 18 retired teachers and their spouses.

Seven new farmers' markets co-operatives were incorporated in 1986-87. A total of 35 farmers' markets co-operatives now operate in Saskatchewan. These co-operatives sell member grown or made products at weekly scheduled market days. This year, total sales were approximately $2,000,000.

Northern handcraft producers formed five new native handcraft co-operatives. These handcraft co-operatives produce mukluks, moccasins, mitts and other handcraft items. These member-controlled co-operatives, with the assistance of Co-operative Business Consultants and the Saskatchewan Indian Arts and Crafts Corporation, are developing broad-based national markets for their goods. These 'cottage industry' co-operatives generate income and provide employment for approximately 120 northern residents.

Development Service staff assisted with the incorporation of 10 new playschool co-operatives this year. These playschools provide learning and developmental environments for approximately 230 preschool children. A total of 79 parent controlled playschools are now incorporated in the province.

Five new community recreation co-operatives were incorporated during the reporting period. These recreational centres included drop-in centres for senior citizens and fitness centres for

Health Care Co-operative

co-operative members. The combined membership of these five new co-operatives totalled approximately 130 members.

This year, a major co-operative recreational development at Saskatchewan Landing on Lake Diefenbaker was incorporated. This 175 cottage/trailer site development will proceed in development phases over the next three years. The total development costs are expected to approach $7,000,000. This development is the second major recreational co-operative located on Lake Diefenbaker.

Co-operative business consultants conducted many director training seminars and held public information meetings related to co-operative development during the year. Two seminars of particular note involved the experimental use of satellite communication.

Development staff used the Anik B satellite to deliver training and information seminars.

New Incorporations

1986-87 incorporations classified by type are as follows:

Agriculture

- 30 incorporations - includes:
  - 16 feeder co-operatives
  - 10 soil conservation co-operatives
  - 1 wild rice co-operative
  - 3 other agricultural

Wholesale and Retail

- 15 incorporations - includes:
  - 7 farmers' market co-operatives
  - 2 retail co-operatives
  - 1 buying club
  - 5 native handcraft

Manufacturing

  - 1 manufacturing

Finance, Real Estate and Business Services

- **9 incorporations - includes:**
  - **5 housing co-operatives**
  - **1 beach development co-operative**
  - **3 other**

Transportation

  - 1 bus co-operative

Education, Health and Social Services

- 13 incorporations - includes:
  - 10 playschools
  - 3 other

Recreation and Personal Services

- 8 incorporations - includes:
  - 5 recreation centres
  - 1 curling club
  - 2 other

Total Incorporations = 77

Program Services

During 1986-87, the Program Services section continued to identify and develop program material to assist the department's fieldstaff in their role of promoting economic activity and sound business practices to co-operatives and credit unions in the province.

Significant program materials provided by the section included: information for co-operative access to venture capital funds, an inspection program for the financial co-operative sector, the development of a co-operative youth program, additions to the department's policy and procedure manual and program guide.

The section also continued to undertake special projects on behalf of the department involving liaison with key co-operatives and other government organizations. Special projects completed included the final drafting of amendments to The Co-operatives Act, budget submissions in support of worker co-operative development programs, recommendations as to auditor responsibility in the financial sector, and involvement with the Uplink distance educational experiment.

Liaison activity with other government organizations continued to provide a co-operative dimension to legislation and business programs. To this end, representations were made to facilitate full co-operative access to the province's venture capital program and

Development and Inspection Services Branch

1 Continuing Housing Co-operative

2 Wholesale and Retail Co-operatives employ 5,000 in Saskatchewan

1

2

Development and Inspection Services Branch

Farmers' Market Co-operative

the federal Job Strategy employment assistance programs.

Contacts with the co-operative sector were strengthened and continued to provide a channel of communication to keep the department informed of the sector's needs and concerns.

The section also represented the department on a number of committees and organizations including: the Association of Co-operative Educators (ACE), the Standing Interdepartmental Co-ordinating Committee on Aging (SICCOA), the Free Trade Initiative Committee, the Farm Credit Review Committee, and the Interdepartmental Committee on China (Jilan Province).

The provision of consulting services continued to be a priority in the section during the year. Consulting services were provided to all levels of department staff in the areas of taxation, finance, accounting and legislative intent. In particular, significant efforts were expended as a resource in the development of worker co-operatives, the viability analysis of incorporating co-operatives, and the provision of advice on legislative intent and operating policies of the Registrar.

Inspection Services

As a result of a new Credit Union Act and Regulations proclaimed on January 1, 1986, the branch was extensively involved in the ongoing process of discussions related to roles and expectations, of each level, in the three-tiered concept of responsible self-regulation of the Credit Union System provided by the new legislation.

Branch staff discussed the process of self-regulation in a presentation program directed at all Saskatchewan credit unions. Local boards and management were made aware of the requirements and options available when their organizations' re-stated Articles and amended Bylaws were presented for membership approval at the annual meetings in early 1987.

In addition to continuous monitoring of co-operatives and credit unions through review of submitted reports, detailed on-site examinations of 38 co-operatives and 49 credit unions (including 14 branch offices) were conducted in 1986-87.

In delivering department services, staff continued to work closely with elected credit union and co-operative officials, external auditors and system organizations. Some of their activities included:

- assisting in the incorporation of Credit Union Information Services;
- attending district and general meetings to clarify the new approach to the regulation of the credit union system;
- explaning intent of legislation to credit union officials, management, government departments and system organizations;
- reviewing proposed legislation and putting forward credit union system positions at the provincial and federal government levels;
- enforcing legislation;
- providing input for policy development at the system level;
- automating statistical data for development of an "Early Warning System" to flag key areas of a credit union unit, region and system performance.

In addition, the section developed new audit programs for examination of credit unions, Credit Union Central, Credit Union Deposit Guarantee Corporation, and external auditors. Senior staff participated in the annual NACCL conference and formed part of a provincial committee that co-ordinated the provincial government position on regulation of the financial industry.

Member Complaints

In the event of a dispute between a credit union and a member, the branch acts as a third party in an attempt to resolve the dispute. The investigation of the dispute provides not only a resolution to the problem, but may also provide an opportunity for branch resources to assist the credit union in developing policies and procedures to avoid recurrence of similar problems. During the year under review, approximately 100 complaints were reviewed by the branch. ■